

SENATE MOTION

MADAM PRESIDENT:

I move that Engrossed House Bill 1001 be amended to read as follows:

- 1 Page 59, between lines 39 and 40, begin a new paragraph and insert:
- 2 "SECTION 36. IC 6-1.1-20.9-2, AS AMENDED BY
- 3 P.L.192-2002(ss), SECTION 38, IS AMENDED TO READ AS
- 4 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Except as
- 5 otherwise provided in section 5 of this chapter, an individual who on
- 6 March 1 of a particular year either owns or is buying a homestead
- 7 under a contract that provides the individual is to pay the property taxes
- 8 on the homestead is entitled each calendar year to a credit against the
- 9 property taxes which the individual pays on the individual's homestead.
- 10 However, only one (1) individual may receive a credit under this chapter
- 11 for a particular homestead in a particular year.
- 12 (b) The amount of the credit to which the individual is entitled equals
- 13 the product of:
- 14 (1) the percentage prescribed in subsection (d); multiplied by
- 15 (2) the amount of the individual's property tax liability, as that term
- 16 is defined in IC 6-1.1-21-5, which is:
- 17 (A) attributable **during the particular calendar year** to the
- 18 **part of the assessed value of the** homestead ~~during the~~
- 19 ~~particular calendar year~~; **that does not exceed three hundred**
- 20 **thousand dollars (\$300,000);** and
- 21 (B) determined after the application of the property tax
- 22 replacement credit under IC 6-1.1-21.
- 23 (c) For purposes of determining that part of an individual's property
- 24 tax liability that is attributable to the individual's homestead, all
- 25 deductions from assessed valuation which the individual claims under
- 26 IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's
- 27 homestead is located must be applied first against the assessed value of
- 28 the individual's homestead before those deductions are applied against
- 29 any other property.
- 30 (d) The percentage of the credit referred to in subsection (b)(1) is

1 as follows:

2 YEAR	PERCENTAGE
3 OF THE CREDIT	
4 1996	8%
5 1997	6%
6 1998 through 2002	10%
7 2003 and thereafter	20%

8 However, the property tax replacement fund board established under
 9 IC 6-1.1-21-10, in its sole discretion, may increase the percentage of
 10 the credit provided in the schedule for any year, if the board feels that
 11 the property tax replacement fund contains enough money for the
 12 resulting increased distribution. If the board increases the percentage of
 13 the credit provided in the schedule for any year, the percentage of the
 14 credit for the immediately following year is the percentage provided in
 15 the schedule for that particular year, unless as provided in this
 16 subsection the board in its discretion increases the percentage of the
 17 credit provided in the schedule for that particular year. However, the
 18 percentage credit allowed in a particular county for a particular year
 19 shall be increased if on January 1 of a year an ordinance adopted by a
 20 county income tax council was in effect in the county which increased
 21 the homestead credit. The amount of the increase equals the amount
 22 designated in the ordinance.

23 (e) Before October 1 of each year, the assessor shall furnish to the
 24 county auditor the amount of the assessed valuation of each homestead
 25 for which a homestead credit has been properly filed under this chapter.

26 (f) The county auditor shall apply the credit equally to each
 27 installment of taxes that the individual pays for the property.

28 (g) Notwithstanding the provisions of this chapter, a taxpayer other
 29 than an individual is entitled to the credit provided by this chapter if:

- 30 (1) an individual uses the residence as the individual's principal
- 31 place of residence;
- 32 (2) the residence is located in Indiana;
- 33 (3) the individual has a beneficial interest in the taxpayer;
- 34 (4) the taxpayer either owns the residence or is buying it under a
- 35 contract, recorded in the county recorder's office, that provides
- 36 that the individual is to pay the property taxes on the residence;
- 37 and
- 38 (5) the residence consists of a single-family dwelling and the real
- 39 estate, not exceeding one (1) acre, that immediately surrounds that
- 40 dwelling."

41 Page 63, delete lines 19 through 32, begin a new paragraph and
 42 insert:

43 "(j) "Eligible property tax replacement amount" is equal to the sum
 44 of the following:

- 45 (1) Sixty percent (60%) of, **for calendar years before January**
- 46 **1, 2004**, the total county tax levy imposed by each school

corporation in a county for its general fund for a stated assessment year **and, for calendar years after December 31, 2003:**

(A) the total county tax levy imposed by each school corporation in a county for its general fund for a stated assessment year; minus

(B) the part of the total county tax levy described in clause (A) that is attributable to the taxes imposed on the part of the assessed value exceeding three hundred thousand dollars (\$300,000) of each taxpayer's homestead (as defined in IC 6-1.1-20.9-1).

(2) Twenty percent (20%) of, **for calendar years before January 1, 2004**, the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on real property for a stated assessment year **and, for calendar years after December 31, 2003:**

(A) the total county tax levy (less the amount determined under subdivision (1)) imposed in a county on real property for a stated assessment year; minus

(B) the part of the total county tax levy described in clause (A) that is attributable to the taxes imposed on the part of the assessed value exceeding three hundred thousand dollars (\$300,000) of each taxpayer's homestead (as defined in IC 6-1.1-20.9-1).

(3) Twenty percent (20%) of the total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) imposed in a county on tangible personal property, excluding business personal property, for an assessment year."

Page 63, delete lines 38 through 42, begin a new paragraph and insert:

"(l) "Taxpayer's property tax replacement credit amount" means the sum of the following:

(1) Sixty percent (60%) of, **for calendar years before January 1, 2004**, a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year **and, for calendar years after December 31, 2003:**

(A) a taxpayer's tax liability in a calendar year for taxes imposed by a school corporation for its general fund for a stated assessment year; minus

(B) the part of the total county tax levy described in clause (A) that is attributable to the taxes imposed on the part of the assessed value exceeding three hundred thousand

dollars (\$300,000) of a taxpayer's homestead (as defined in IC 6-1.1-20.9-1).

(2) Twenty percent (20%) of, **for calendar years before January 1, 2004**, a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on real property **and, for calendar years after December 31, 2003:**

(A) a taxpayer's tax liability for a stated assessment year for a total county tax levy (less the amount determined under subdivision (1)) on real property; minus

(B) the part of the total county tax levy described in clause (A) that is attributable to the taxes imposed on the part of the assessed value exceeding three hundred thousand dollars (\$300,000) of a taxpayer's homestead (as defined in IC 6-1.1-20.9-1).

(3) Twenty percent (20%) of a taxpayer's tax liability for a stated assessment year for a total county tax levy (less sixty percent (60%) of the levy for the general fund of a school corporation that is part of the total county tax levy) on tangible personal property other than business personal property."

Page 64, delete lines 1 through 9.

Page 82, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 53. IC 6-3.1-29 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

Chapter 29. Income Tax Circuit Breaker Credit

Sec. 1. As used in this chapter:

(1) "adjusted gross income tax liability" means an individual's adjusted gross income tax liability under IC 6-3; and

(2) "homestead" has the meaning set forth in IC 6-1.1-20.9-1.

Sec. 2. (a) Except as provided in subsection (b), an individual is entitled to a credit under this chapter if:

(1) the individual's adjusted gross income for the taxable year is less than forty-seven thousand dollars (\$47,000); and

(2) the individual pays property taxes in the taxable year on a homestead the individual:

(A) owns; or

(B) is buying under a contract that requires the individual to pay property taxes on the homestead, if the contract or a memorandum of the contract is recorded in the county recorder's office.

(b) An individual is not entitled to a credit under this chapter for a taxable year for property taxes paid on the individual's homestead if the individual claims the deduction under IC 6-3-1-3.5(a)(17) for the homestead for that same taxable year.

Sec. 3. (a) An individual described in section 2 of this chapter is entitled each year to a refundable credit against the individual's adjusted gross income tax liability. The amount of the credit to which a qualifying individual is entitled equals the lesser of:

(1) the remainder (not less than zero (0)) of:

(A) the amount of property taxes the individual paid in the taxable year on a homestead; minus

(B) the product of:

(i) the appropriate percentage from the table in subsection (b); multiplied by

(ii) the qualifying individual's adjusted gross income for the taxable year; or

(2) three hundred seventy-five dollars (\$375).

(b) The percentage under subsection (a)(1)(B)(i) is the percentage from the following table that corresponds to the individual's adjusted gross income for the taxable year:

ADJUSTED GROSS INCOME	PERCENTAGE
Less than \$5,000	3.5%
At least \$5,000 but less than \$10,000	4%
At least \$10,000 but less than \$25,000	4.5%
At least \$25,000 but less than \$47,000	5%

(c) The amount of the credit under subsection (a) may not exceed the amount of property taxes the individual paid in the taxable year on the homestead.

(d) If the amount of the credit under this chapter exceeds the individual's adjusted gross income tax liability for the taxable year, the excess shall be refunded to the taxpayer.

Sec. 4. To obtain the credit provided by this chapter, an individual must:

(1) claim the credit in the manner prescribed by the department of state revenue; and

(2) file with the department of state revenue:

(A) information concerning the property taxes paid on the individual's homestead; and

(B) any other information required by the department."

Page 120, between lines 10 and 11, begin a new paragraph and insert:

"SECTION 81. [EFFECTIVE JANUARY 1, 2004] IC 6-1.1-20.9-2 and IC 6-1.1-21-2, both as amended by this act, apply only to property taxes first due and payable after December 31, 2003.

1 SECTION 82. [EFFECTIVE JANUARY 1, 2004] **IC 6-3.1-29, as**
2 **added by this act, applies only to taxable years beginning after**
3 **December 31, 2003."**

4 Renumber all SECTIONS consecutively.
 (Reference is to EHB 1001 as printed December 2, 2003.)

Senator SIMPSON